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DE RUEHSB #0417/01 1301035

ZNR UUUUU ZZH
R 091035Z MAY 08
FM AMEMBASSY HARARE
TO RUEHC/SECSTATE WASHDC 2883
RUCNSAD/SOUTHERN AF DEVELOPMENT COMMUNITY COLLECTIVE
RUEHUJA/AMEMBASSY ABUJA 1959
RUEHAR/AMEMBASSY ACCRA 1970
RUEHDS/AMEMBASSY ADDIS ABABA 2092
RUEHRL/AMEMBASSY BERLIN 0641
RUEHBY/AMEMBASSY CANBERRA 1369
RUEHDK/AMEMBASSY DAKAR 1726
RUEHKM/AMEMBASSY KAMPALA 2148
RUEHNR/AMEMBASSY NAIROBI 4579
RHEHAAA/NSC WASHDC
RHMFIS/EUCOM POLAD VAIHINGEN GE
RUEHGV/USMISSION GENEVA 1231
RUZEJAA/JAC MOLESWORTH RAF MOLESWORTH UK
RHEFDIA/DIA WASHDC
RUEAIIA/CIA WASHDC

UNCLAS SECTION 01 OF 03 HARARE 000417

AF/S FOR S.HILL
ADDIS ABABA FOR USAU
ADDIS ABABA FOR ACSS
NSC FOR SENIOR AFRICA DIRECTOR B.PITTMAN
TREASURY FOR D.PETERS AND T.RAND
STATE PASS TO USAID FOR L.DOBINS AND E.LOKEN
COMMERCE FOR BECKY ERKUL
CIA WASHDC

SIPDIS

E.O.12958: N/A

TAGS: [PGOV](#) [PREL](#) [ASEC](#) [PHUM](#) [ECON](#) [EAGR](#) [EFIN](#) [ZI](#)

SUBJECT: ZIM NOTES May 9, 2008

1. SUMMARY

Topics of the week:

- It's Official, MDC Tops ZANU-PF In Presidential Poll
- Recount Of Parliament Vote Confirms Initial Results
- MDC Reconciliation
- Violence Continues
- More Violent Farm Invasions
- Ambassador Hosts Meeting On Violence
- SADC Investigates Violence
- Veterans Of The Liberation War Get Six-Fold Allowance Raise
- Editor Arrested
- Swedish Aid Worker Declared Persona Non Grata
- Zimbabwe Dollar In Tail Spin In Liberalized Market
- New Higher Notes Issued
- Kingdom Meikles Shares Tradable on Zimbabwe and London Exchanges

12. Price Movements-Exchange Rate and Selected products

Parallel rate for cash converged with the inter-bank average at ZW\$210 million:US\$1;
Bank transfer rate: Z\$260 million; official rate remained at ZW\$\$30,000:US\$1

Sugar fell again to Z\$300 million/2kg vs. controlled price of Z\$8million/2kg

Cooking oil doubled to Z\$700 million/750ml vs. controlled price of Z\$9.3million/750ml

Petrol and diesel more than doubled to Z\$400million/liter vs.

controlled price of Z\$60,000/liter

On the Political/Social Front

13. It's Official, MDC Tops ZANU-PF In Presidential Poll... After an unprecedeted delay of over one month, the Zimbabwe Electoral Commission's (ZEC) Chief Elections Officer declared on May 2 that Morgan Tsvangirai (MDC-T) had received 47.9% of the presidential vote, incumbent Robert Mugabe (ZANU-PF) 43.2%, Independent Simba Makoni 8.3%, and Independent Langton Towungana 0.6%. He further stated that as no candidate had secured a majority of the total votes cast, there would be a runoff election between the two top vote getters on a date still to be announced by the ZEC. The Commission has the power to extend the period in which a runoff must take place. Suggesting that the ruling party is unsure whether Mugabe can win a runoff, Deputy Information Minister Bright Matonga said it could be put off for up to a year. Our best information is that a date will be announced in the next 10 days and that a runoff election will be set within 40 days.

14. Recount Of Parliament Vote Confirms Initial Results... The ZEC announced last week there were no changes to the winners of House of Assembly and Senate seats as a result of the recount in 23 constituencies. The convening of Parliament, however, will have to await declaration of the winner of the presidential election as the new Parliament only forms once the president is sworn in.

15. MDC Reconciliation... In the wake of an agreement by the Tsvangirai and Mutambara factions of the MDC to unite in support of Tsvangirai in a runoff election, both factions have agreed that Mutambara faction bigwigs Gibson Sibanda, Welshman Ncube, and Paul

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Themba Nyathi will stand as united MDC candidates in three by-elections to be held at a date to be set by the ZEC. All three MDC members ran in the March 29 elections and lost to Tsvangirai faction candidates. The by-elections are necessitated by the deaths of candidates before the March 29 election.

16. Violence Continues... ZANU-PF-perpetrated violence continues unabated, principally in rural areas. There is documentation of over 700 victims who have been treated, over 200 who have been hospitalized and 20 deaths as a result of the violence. Actual figures are much higher.

17. More Violent Farm Invasions... The Commercial Farmers' Union informed us of a dozen new farm invasions in the past seven days, predominantly in Chegutu and Norton in Mashonaland West province, within an hour's drive of Harare. In half of the cases, the farmer was forced off his property. All the affected farmers in Chegutu had been given interim relief by the SADC Tribunal in Windhoek, but it is not being respected and police are providing no protection.

18. Ambassador Hosts Meeting On Violence... Ambassador McGee hosted a meeting this week with SADC ambassadors and representatives to discuss the growing violence in Zimbabwe. He showed a video, produced by the Solidarity Peace Trust, which contains statements of violence victims as well as graphic images, and led a discussion on ending the violence. The Ambassador also visited a local hospital, along with several EU ambassadors and the Angolan ambassador, and talked with patients. He has invited EU and SADC ambassadors to accompany him next week to rural areas where violence has occurred. See Harare 408.

19. SADC Investigates Violence... The leader of the South African contingent of SADC's election observation delegation, Ambassador Kingsley Mamabolo, stated this week in South Africa that a runoff election could not credibly be held now because of the escalating violence. While Mamabolo did not ascribe blame of the violence, his report to South African president Thabo Mbeki resulted in the dispatch of a team of retired South African generals to Zimbabwe to further investigate the violence. The group has met with a cross-section of Zimbabweans, including ZANU-PF, MDC, religious leaders, and civil society. Mbeki is expected in Harare today for talks with Mugabe.

10. Veterans Of The Liberation War Get Six-Fold Allowance Raise... The Standard reported on May 4 that the GOZ had raised war veterans'

monthly allowances from Z\$1.6 billion to Z\$9 billion. The weekly newspaper added, for comparison's sake, that a teacher earns Z\$6.4 billion, or roughly US\$32, a month. In this context most teachers aligned to the Progressive Teachers' Union of Zimbabwe are calling for a strike to get a minimum monthly salary of Z\$18 billion.

¶11. Editor Arrested... Davison Maruziva, editor of the independent The Standard newspaper, was arrested and charged with false statements prejudicial to the state and contempt of court. The charges stem from an article written by Arthur Mutambara and published in The Standard last month. It criticized Mugabe and the government, and questioned Mugabe's right to remain in office. Police have indicated charges will also be brought against Mutambara.

¶12. Swedish Aid Worker Declared Persona Non Grata... The GOZ this week notified the Swedish Cooperative Center, a Swedish non-governmental organization, that it was cancelling the visa and work permit of the Center's Country Director. The notification came in the form of a letter signed by Didymus Mutasa, Minister of State for National Security, Lands, Land Reform and Resettlement in the President's Office, rather than from immigration. No reason for the action was given. The Cooperative Center is engaged in rural development and nutrition in Gokwe and Gweru in Midlands province.

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Economic and Business News

¶13. Zimbabwe Dollar In Tail Spin In Liberalized Market... The Zimbabwe dollar fell sharply following the partial liberalization of the exchange rate last week (see Harare 00416). The week opened with the currency trading at Z\$160 million:US\$1 in the banks. By mid week, the cash rate on the parallel market had begun to converge with the new inter-bank rate at around Z\$200 million:US\$1. Given the prevailing high year-on-year inflation rate in April of one million percent for high income earners (according to a widely respected private sector report), and low foreign financial inflows, the Zimbabwe dollar is set to continue depreciating until exports start responding favorably to the new exchange rate and to the new foreign currency surrender requirements.

¶14. New Higher Notes Issued... As inflation soars and the demand for transaction balances increases, the Reserve Bank introduced new Z\$100 million (roughly 50 US cents) and Z\$250 million notes this week, just over a month after releasing a Z\$50 million note.

¶15. Kingdom Meikles Shares Tradable on Zimbabwe and London Exchanges... Kingdom Meikles Africa Ltd announced this week that the Reserve Bank had granted approval for full fungibility status to all of its shares registered on the London register and listed on the London Stock Exchange. This means, in theory at least, that shares bought in local currency on the Zimbabwe Stock Exchange may be sold for Sterling on the London Stock Exchange and vice versa. As with similarly fungible Old Mutual shares, the devil lies in the detail, especially in regard to obtaining Exchange Control approval from the Reserve Bank for the transaction.

MCGEE